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Akenroye, Temidayo Olabode; Nygård, Håvard Mogleiv ; Eyo, Ama

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TOWARDS IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT GOALS (SDGs) IN DEVELOPING NATIONS: A USEFUL FUNDING FRAMEWORK

¹Temidayo Akenroye

²Håvard Mogleiv Nygård

³Ama Eyo

¹Cambridge Institute for Sustainability Leadership, University of Cambridge, UK

²Peace Research Institute Oslo (PRIO), Norway

³Bangor Law School, Bangor University, Bangor, UK

Abstract

The 2030 Agenda for Sustainable Development is impressive in its breadth. However, the extensive nature of the agenda presents countries with a set of challenges. In particular, few if any countries will be able to focus on all goals in parallel, yet the agenda offers little clear guidance on how each country can determine their priority areas of focus and funding arrangements for such priority areas. Presently, few efforts have been made to analyse and examine the significance or importance of each SDG goal and target for individual countries. More importantly, there is the challenge that governments would need to find the finances to fund the goals. Inevitably, politicians and policy makers in financially constrained countries are asking: what levers can we actually use to implement the SDGs efficiently and effectively? In this paper, we develop a simple framework that can help countries in leveraging existing budget resources to guide funding for the implementation of SDGs.

¹ Corresponding author:

Temidayo Akenroye, Cambridge Institute for Sustainability Leadership, University of Cambridge, UK. Email: toa25@cam.ac.uk

1. Introduction

In September 2000, world leaders agreed on eight transformational goals for development during the United Nations (UN) Millennium Summit. The goals, named the Millennium Development Goals (MDGs), constituted an ambitious effort to focus the attention of the international community, including donor countries, NGOs and multilateral organizations, on a common shared set of developmental objectives to be achieved within a 15 year period. Though debatable, the final UN MDG report indicates that all the goals were achieved although to varying degrees in the respective regions of the world. A significant achievement relates to the goal on eradication of extreme poverty. Thus, the report indicates that the number of people living in extreme poverty around the world declined by more than half, falling from 1.9 billion in 1990 to 836 million in 2015. In the developing regions of the world, the poverty rate reduced from 47 per cent in 1990 to 14 per cent in 2015. Despite these gains, the report details uneven progress across regions and countries which resulted in gaps in achieving some of the MDG targets, especially for the poorest and those disadvantaged because of their sex, age, disability, ethnicity or geographic location.

At the end of the MDG period, world leaders committed to build upon their achievements on the 8 MDGs by pursuing 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Importantly, through 169 targets and relevant indicators, developed and developing countries have committed to focus on issues of wider and global implications - the three dimensions of sustainable development: social, economic and environmental as well as important aspects related to peace, justice and effective institutions.² These goals and targets appear huge, but if achieved countries, will secure an improved level of global development, health, and justice. In recognition of country-specific circumstances, countries are enjoined to contextualise and tailor the SDGs to their specific circumstances.

Figure 1: SDG goals

² United Nations. (2016). The sustainable development goals report. New York, NY: Author.



Reflecting on the MDGs, existing work identify a number of issues which challenged the achievement of the MDGs, especially in developing countries. Significantly, funding constraints feature as a prominent challenge that hindered the achievement of some MDGs. Thus, Friedman and Costin suggest that more targets might have been achieved with more funding.³ Similarly, the UN MDG report on Africa indicates that excessive reliance on development aid undermined the economic sustainability of several MDG interventions in the region, which has mainly developing countries.⁴

In the context of SDGs, one recurring question relates to how countries would fund a programme as huge as the SDGs which requires a massive amount of financial investments. Estimates suggest that financing the SDGs will require annual investments of around US\$6 trillion, or US\$90 trillion over 15 years.⁵ Interestingly, UNCTAD estimates that the finance required to fund only the infrastructure (physical and social) needs associated with the SDGs for developing countries alone will be at least \$2.5tn per year.⁶ Similarly, the UN ESCAP indicates that South East Asia – a

³ Eric A. Friedman and Lawrence O. Gostin The United Nations Sustainable Development Goals: Achieving the Vision of Global Health with Justice Georgetown Public Policy Review, Vol. 21, No. 1, Spring 2016, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2773616

⁴ <http://www.undp.org/content/undp/en/home/librarypage/mdg/mdg-reports/africa-collection.html>

⁵ <http://www.un.org/pga/71/2017/04/18/opening-of-sdg-financing-lab/>

⁶ <http://eurodad.org/files/pdf/1546383-financing-the-sustainable-development-goals-lessons-from-government-spending-on-the-mdgs.pdf>

region with predominantly developing countries would need to address several challenges including, including social investments of up to 20% of GDP and around \$5 trillion to close infrastructure gaps by 2030, not to mention the significant investments needed to enhance environmental sustainability.⁷ That is a lot of money until 2030 especially for developing countries, many of which are currently facing enormous economic, social and ecological challenges.⁸

To address this challenge, commentators have suggested a number of funding approaches to help countries implement SDGs.⁹ This paper contributes to that discussion. It recognises that financial pressures constitute limiting factors for achieving the SDGs, especially in developing countries.¹⁰ At its premise, the paper recognises that the global economic challenges means that developing countries cannot depend on overseas funding to achieve SDGs. Therefore reflecting on national/state budgetary obligations, it offers a framework that can help countries to leverage existing budget resources to fund and launch SDG implementation. It argues that as providers of “public goods”, governments develop programmes which address social/economic issues such as healthcare, education and infrastructure and that as the SDGs tend to tackle similar issues albeit with a different scope and in different ways, developing countries need to look inward to use their national/state budgets as a baseline to identify gaps, set priorities and develop a realistic action. To achieve this aim requires a systematic approach as depicted in the framework proposed below.

⁷http://www.undp.org/content/dam/undp/library/SDGs/English/Global%20Trends_UNDP%20and%20UNRISD_FINAL.pdfhttp://www.unescap.org/sites/default/files/publications/Report_Achieving_the_Sustainable_Development_Goals_in_South_Asia_12052017.pdf

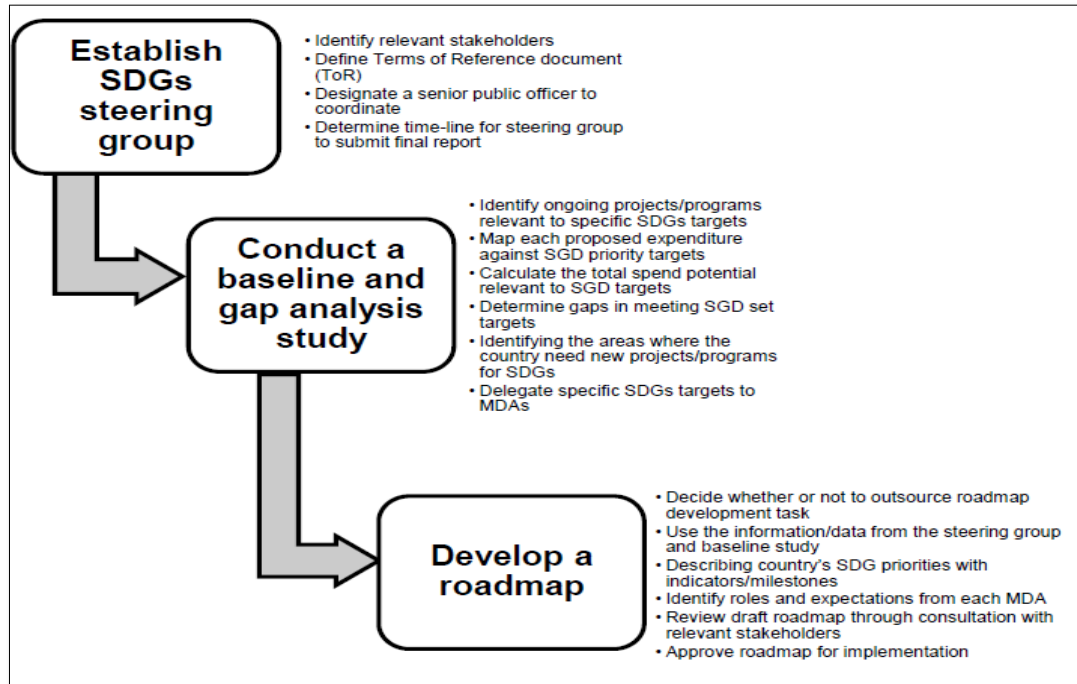
⁸ <http://www.dailynewsegypt.com/2016/01/30/global-economic-slowdown-forces-african-nations-to-consider-reorganisation-of-expenditure-al-sisi/>

⁹ G Schmidt-Traub. “Funding the SDGs” available at <http://www.sustainablegoals.org.uk/funding-the-sdgs/> ; see also <https://www.theguardian.com/global-development-professionals-network/2015/may/13/beyond-aid-how-do-we-fund-the-sustainable-development-goals>

¹⁰ Developing countries face ‘new reality’ of lower growth, says IMF: <https://www.ft.com/content/e9c830a0-b945-11e5-bf7e-8a339b6f2164?mhq5j=e1>

2. A Proposed Framework

Figure 2: The proposed framework for funding and implementation of SDGs



Source: conceptualised and designed by the authors.

The framework (see Figure 2) was developed through experiential knowledge of the authors building on the strength of the People, Process and Outcome model designed by Dibia et al (2014¹¹). The framework consists of three areas of focus, which could act as building blocks to support funding for SDGs implementation: (1) establish a steering group on SDGs, (2) a baseline study, (3) funding roadmap for implementation.

2.1. Establish a steering group on SDGs

Forming a steering group is a critical step in preparing for funding and implementation of the SDGs. The steering group should consist of senior civil servant representatives from key ministries including (but not limited to) Finance, Budget and Planning, Health, Housing, Environment, Energy, Agriculture, Education; politicians (executive and legislature representatives), sustainability subject matter experts, private sector

¹¹ K. Dibia, I., Nath Dhakal, H., & Onuh, S. (2014). Lean “Leadership People Process Outcome” (LPPO) implementation model. *Journal of Manufacturing Technology Management*, 25(5), 694-711.

representatives and representatives of academia and relevant civil society networks. The steering group should have Terms of Reference (ToR) that, at a minimum, defines its purpose, expectations and timeline for implementing proposed actions.

More specifically, the group should review current economic, social, and environmental imperatives facing the country and conduct a thorough analysis of how these challenges line up with the SDGs. Based on this, the group should specify the key priority areas of focus for the country in achieving the 17 SDG goals. Secondly, it might be necessary for the group to consult with multiple departments (senior managers and external stakeholders) to explore ideas and gather relevant information, necessary for understanding the implications, challenges and opportunities of the SDGs. Thirdly, the steering group members will need to discuss how the SDGs can be aligned with the dynamics of local and state/regional development and the future strategic direction of the country. Lastly, the steering group will be expected to report their findings to the designated executive body / coordinating minister for SDGs.

2.2. *Conduct a baseline and gap analysis study*

A baseline study will determine the proportion of current government spending (as listed in the national/state budget) that can be used to contribute towards achieving the SDGs. This process is critical for mainstreaming SDGs priorities into the operations and budgetary process:

- The scope and focus of the baseline study should be robust and directed at identifying examples of ongoing projects or proposed programs in the national/state budget, which are relevant to specific SDGs targets.
- This will involve analysing individual line items in the operating budget (i.e. identifying capital and recurrent spending) that shows strong links toward supporting SDGs priorities.
- It is important to bear in mind the reports of the steering group when conducting the baseline study. This will help in matching existing programmes (in the budget) with the priority targets to determine gaps. For example, the proportion of

government spending on developmental programmes such as healthcare, education, employment, environment, climate change, agriculture and infrastructure, can be compared with the desired targets for SDGs in each financial year.

- Results from the baseline study must be reported: the information contained in the report should highlight the change that the implementation of SDGs is expected to bring about in terms of impact, outcomes, and outputs¹².

A key consideration here is to decide whether to conduct the baseline study in-house or outsource it to external experts /consultants¹³.

2.3. *Developing a Funding Roadmap for implementing SDGs*

The report from the steering group and outcomes of a baseline study should provide the necessary information/data for developing a roadmap, describing specific SDG goals, targets, and indicators/milestones, which are directly related to the country's realities/priorities. The funding roadmap should describe the country's (short-term and long-term) SDG targets, with specific strategies, processes and tools to help meet them. It should highlight important paths and actions which the government intends to pursue, along with a portfolio of SDGs' relevant programmes/projects/ initiatives, which the Ministries, Departments and Agencies, should consider in their annual budget planning. Each MDA can then be held accountable for implementing specific targets. It is important to note here that funding road mapping is a highly technical task requiring specialist knowledge. Hence, it might be necessary to engage external experts or experienced consultants.

To ensure that the roadmap is fit for purpose, relevant stakeholders (including members of the steering group) may be consulted on the initial draft document. This could provide insight into particular aspects of the roadmap requiring improvement and

¹² <http://usaidprojectstarter.org/sites/default/files/resources/pdfs/Guidelines-for-Project-Baseline-studies.pdf>

¹³ The pros and cons of in-house and outsourced research:
<http://raconteur.net/business/the-pros-and-cons-of-in-house-and-outsourced-research>

changes. Resources and support needed to ensure implementation of the roadmap should be made explicit to ease the process of translating set plans into actions. For example, training and awareness creation would be necessary to ensure that civil servants become familiar with the roadmap and actions required. Other important considerations for driving the change are availability of financial resources, monitoring and evaluation. This will facilitate better decision making on improving current and future delivery of SDGs outputs, outcomes and impact.

3.0. Conclusion

This paper presents a generic framework that can act as a practical guide funding the implementation of SDGs in developing countries. It submits that in theory, there is no difference between the responsibilities of a typical government towards its citizens and most of the SDGs, except that the SDGs seeks to ensure a more unified global development agenda with specific, measurable and achievable outcomes within a timeline. Therefore, while the SDGs can help to shape country's specific goals for sustainable development, the roles and responsibilities for implementation should not be seen as isolated within a specific agency, rather it should be devolved to various MDAs. The framework proposed in this paper has not been tested or validated in any way, but it consists of three core steps: steering group, gap analysis and funding roadmap development. These may possibly help in mainstreaming the SDGs into the national budget planning process and avoid excessive reliance on external finance such as overseas development aid which can undermine the economic sustainability of several MDG interventions.¹⁴ This aligns with the UNDP position to the effect that 'to achieve the universal 2030 Agenda, drawing on all sources of finance - public and private, domestic and international - in all countries will be essential.'¹⁵ It is submitted that the uniqueness of this approach is that it would avoid the risk of economic slowdown in many developing countries and the accompanying

¹⁴ <http://www.undp.org/content/undp/en/home/librarypage/mdg/mdg-reports/africa-collection.html>

¹⁵ http://www.undp.org/content/dam/undp/library/SDGs/English/Global%20Trends_UNDP%20and%20UNRISD_FINAL.pdf

budgetary pressures constraining the achievement of the SDGs as occurred with MDGs.¹⁶

¹⁶ Developing countries face 'new reality' of lower growth, says IMF:
<https://www.ft.com/content/e9c830a0-b945-11e5-bf7e-8a339b6f2164?mhq5j=e1>